R4105-4

Consumer Confidence Survey

- *Business*
- *Employment*
- *Income*
- *Inflation*
- *Interest Rates*
- *Stock Prices*

July 1989

CONSUMER SENTIMENT REMAINS STEADY AND STRONG

Despite indications that the pace of economic activity may be slowing, consumers continue to be optimistic. The Board's Confidence Index (1985 = 100) in June was 117.5, about the same reading as in May. In fact, there has been little change in the level of confidence since late last year. In the latest survey, people were moderately less positive in their assessment of prevailing conditions but a bit more optimistic in their expectations for the period ahead. Buying plans were more restrained than in the month before.

Consumers are slightly less comfortable with prevailing business conditions. Now, 28.7% say that they are "good," 17.4% believe they are "bad." Both figures are marginally less favorable than in May. On the issue of employment, 33% now say that jobs are "plentiful," down a full point from the month before. However, fewer people than last time complain that jobs are "hard to get."

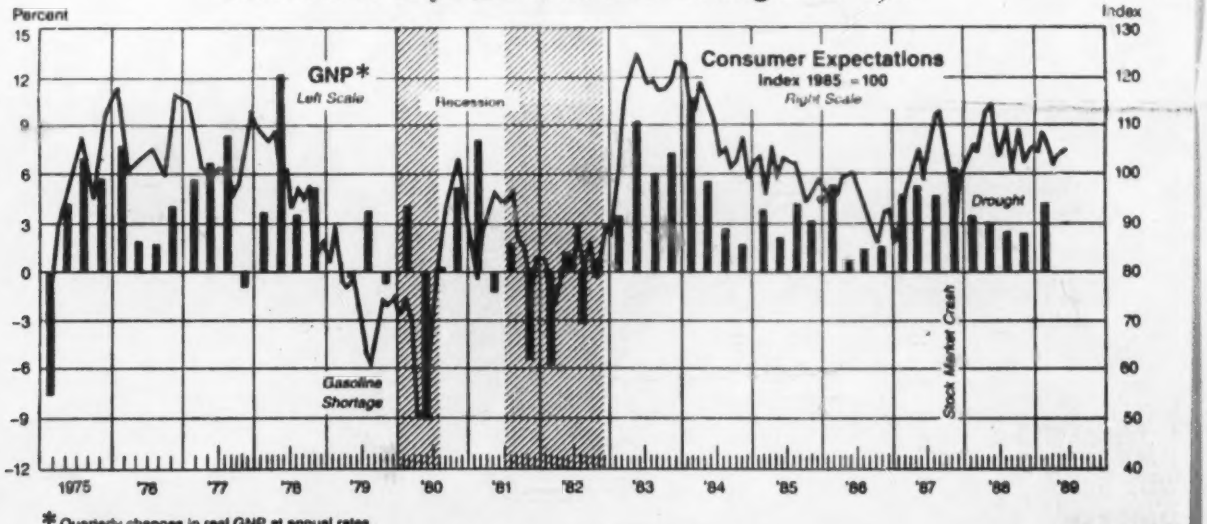
In viewing likely developments over the next six months, opinion has not changed much. In the latest survey, 19.7% of people expect that business conditions will improve, a point less than last time. There was also a marginal decline in those that believe conditions will worsen. On the question of employment, slightly fewer persons now expect "more jobs" will be available, but fewer are now concerned that there will be less jobs. In assessing their own financial prospects, there was again little change. Some 26.8% believe that their family income will increase, about the same as in May.

With the big Spring car sales campaigns over, the number of respondents that now plan to purchase an automobile dropped to 6.5% from 8.5 percent. Plans to purchase a home are indicated by 3.2% of the public, down from 3.4 percent. Interest in major appliances is also off slightly.

Although there are intermittent signs of some slowing in economic activity, those circumstances which most directly affect the consumer continue to be positive. Unemployment remains at a mercifully modest 5% of the labor force. And inflation, which has accelerated in the last few months, is still rising at a modest rate, modest enough to be only vaguely perceived by the consumer. Thus, job security and the sustained buying power of the weekly paycheck contribute substantially to the consumer's sense of well being. As long as the consumer remains in good spirits, there is faint likelihood that the economy will take a bad turn.

Fabian Linden

Consumer Expectations and Changes in GNP



* Quarterly changes in real GNP at annual rates.

U.S. Department of Commerce; NFO Research Inc.; The Conference Board.

Confidence and Buying Plans

Based on surveys conducted by NFO Research, Inc.

Percentage of all households = 100%

All series seasonally adjusted.	1988 June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1989 Jan.	Feb.	Mar.	Apr.	May(r)	June(p)
								Business		Employmer		Income	
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	115.7	113.5	119.7	110.7	116.9	112.9	119.4	115.8	120.7	117.4	116.6	116.7	117.5
Present Situation	126.3	128.2	135.1	126.7	128.3	129.1	140.1	133.4	139.2	136.2	138.9	137.2	135.5
Expectations	106.6	103.7	109.4	100.1	109.3	102.0	105.6	104.1	108.3	104.9	101.8	103.0	105.5
Appraisal of Present Situation: Percent													
Business Conditions													
Good	27.4	28.4	32.2	28.2	28.3	30.2	32.5	29.1	30.6	28.4	28.0	30.1	28.7
Bad	19.7	19.1	17.2	19.2	17.1	17.6	15.5	18.2	16.9	16.1	16.4	16.8	17.4
Normal	52.9	52.5	50.6	52.6	54.6	52.2	52.0	52.7	52.5	55.5	54.7	53.4	53.9
Employment													
Jobs plentiful	31.1	31.3	32.3	29.9	29.8	29.9	33.7	33.0	34.3	32.8	34.5	34.1	33.1
Jobs not so plentiful	46.1	46.2	46.0	47.7	47.2	47.1	45.5	45.8	45.8	46.7	45.7	44.8	46.6
Jobs hard to get	22.8	22.5	21.7	22.4	23.0	23.0	20.8	21.2	19.9	20.5	19.8	21.1	20.3
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	20.4	19.7	21.4	18.3	21.1	18.6	19.6	17.7	20.9	17.9	17.3	20.7	19.7
Worse	6.7	9.6	7.3	9.8	7.0	8.4	7.5	7.7	7.3	8.0	8.8	8.9	8.5
Same	72.9	70.7	71.3	71.9	71.9	73.0	72.9	74.6	71.8	74.1	73.9	70.4	71.8
Employment													
More jobs	18.3	17.7	19.0	17.2	18.0	15.9	17.2	17.1	17.0	15.9	15.4	18.9	18.0
Fewer jobs	13.8	15.0	13.6	15.4	13.2	14.7	14.4	14.5	12.8	12.7	13.1	15.6	14.0
Same	67.9	67.3	67.4	67.4	68.2	69.4	68.4	68.4	70.2	71.4	71.5	65.5	68.0
Income													
Increase	26.3	28.0	27.4	24.8	26.8	27.3	27.8	25.8	26.3	25.2	25.8	26.5	26.8
Decrease	6.4	6.2	6.3	6.9	6.9	6.9	6.7	6.2	6.3	6.1	7.0	8.1	6.5
Same	67.3	65.8	66.3	68.3	66.3	65.8	65.5	68.2	67.4	68.7	67.2	65.4	66.7
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	8.9	8.9	7.5	7.8	7.3	7.3	7.4	7.3	7.9	7.1	7.3	8.5	6.5
New	5.0	4.6	4.2	4.1	3.7	3.4	3.3	3.5	3.8	4.0	4.0	4.0	3.5
Used	3.4	3.4	2.8	2.7	2.7	3.0	3.3	2.9	3.2	2.7	2.7	3.2	2.5
Uncertain	0.5	0.9	0.5	1.0	0.9	0.9	0.8	0.9	0.9	0.4	0.6	1.3	0.5
Home													
Yes	4.0	3.5	4.2	3.3	3.7	3.1	3.8	3.0	2.9	3.1	3.2	3.4	3.2
New	0.9	1.1	1.3	1.1	1.0	1.0	0.9	0.6	1.0	0.7	1.0	0.9	0.7
Lived in	2.1	1.5	2.0	1.5	1.6	1.5	1.9	1.2	1.2	1.5	1.5	1.4	1.7
Uncertain	1.0	0.9	0.9	0.7	1.1	0.6	1.0	1.2	0.7	0.9	0.7	1.1	0.8
Major appliances													
Total plans	30.3	30.1	34.3	30.3	26.5	27.9	28.9	28.0	26.2	28.4	31.6	27.4	26.6
Refrigerator	4.7	4.5	5.0	4.5	3.6	4.1	4.3	5.4	4.9	4.3	5.4	4.5	4.8
Washing machine	3.9	4.7	4.5	3.9	4.1	3.0	3.7	3.7	3.2	4.2	4.2	3.1	3.3
TV Set	7.5	6.1	8.0	7.2	6.4	6.5	7.5	5.7	5.9	6.4	7.0	6.8	5.5
Vacuum Cleaner	4.9	5.2	6.1	5.7	3.8	4.8	4.7	4.3	4.2	4.9	4.7	5.2	4.7
Range	3.1	3.2	2.7	2.8	3.1	2.7	2.8	3.0	2.6	2.5	3.5	2.8	2.5
Clothes dryer	3.8	3.8	4.3	3.4	3.2	3.2	3.3	3.0	2.9	4.0	3.8	2.8	3.5
Air conditioner	2.4	2.6	3.7	2.8	2.3	3.6	2.6	2.9	2.6	2.1	3.0	2.4	2.3
Carpet	7.6	7.1	7.7	8.2	6.2	6.6	6.6	6.8	5.4	6.3	6.7	6.7	5.9
Vacation Intended Within Six Months: Percent*													
Vacation Intended	48.5		51.6		49.1		48.5		45.3		46.8		45.6
Destination													
U.S.	41.7		43.5		41.6		41.1		38.6		40.8		39.7
Foreign country	9.3		10.1		8.7		8.8		8.1		8.4		7.8
Means of travel													
Automobile	27.9		29.6		28.2		27.0		26.8		27.7		27.4
Airplane	20.8		21.0		18.4		19.0		17.0		18.4		18.6
Other	4.5		4.0		3.5		4.4		4.1		4.5		3.0

(p)—preliminary (r)—revised

ATTENTION DATA USERS: Data in this publication are available online. For information, phone (212) 759-0900 Ext. 216.

Inflation Interest Rates Stock Prices

Not seasonally adjusted	1988 June	July	Aug	Sep	Oct	Nov	Dec	1989 Jan	Feb	Mar	Apr	May(r)	June(p)
Expectations for Twelve Months Hence: Percent													
Inflation Rate													
Average	4.4	5.0	4.9	4.8	4.8	4.7	4.7	4.6	4.8	4.8	5.1	4.9	4.8
Interest Rates													
Higher	71.5	74.9	74.9	75.2	71.8	65.1	78.2	73.7	71.8	79.9	76.4	69.9	56.7
Same	20.0	22.1	16.2	17.0	18.6	23.1	14.4	18.4	18.8	13.6	14.8	17.6	21.6
Lower	8.5	10.6	8.9	7.8	9.6	11.8	7.4	7.9	9.4	6.5	8.8	13.5	21.7
Stock Prices													
Increase	39.8	40.3	39.2	38.5	40.6	39.3	39.7	42.3	44.9	39.5	39.9	42.7	44.6
Same	35.8	34.8	33.0	34.8	35.0	36.0	33.3	34.7	33.5	34.3	35.9	33.3	34.6
Decrease	24.4	24.9	27.8	26.7	24.4	24.7	27.0	23.0	21.6	26.2	24.2	24.0	20.8

CONSUMER CONFIDENCE BY REGION

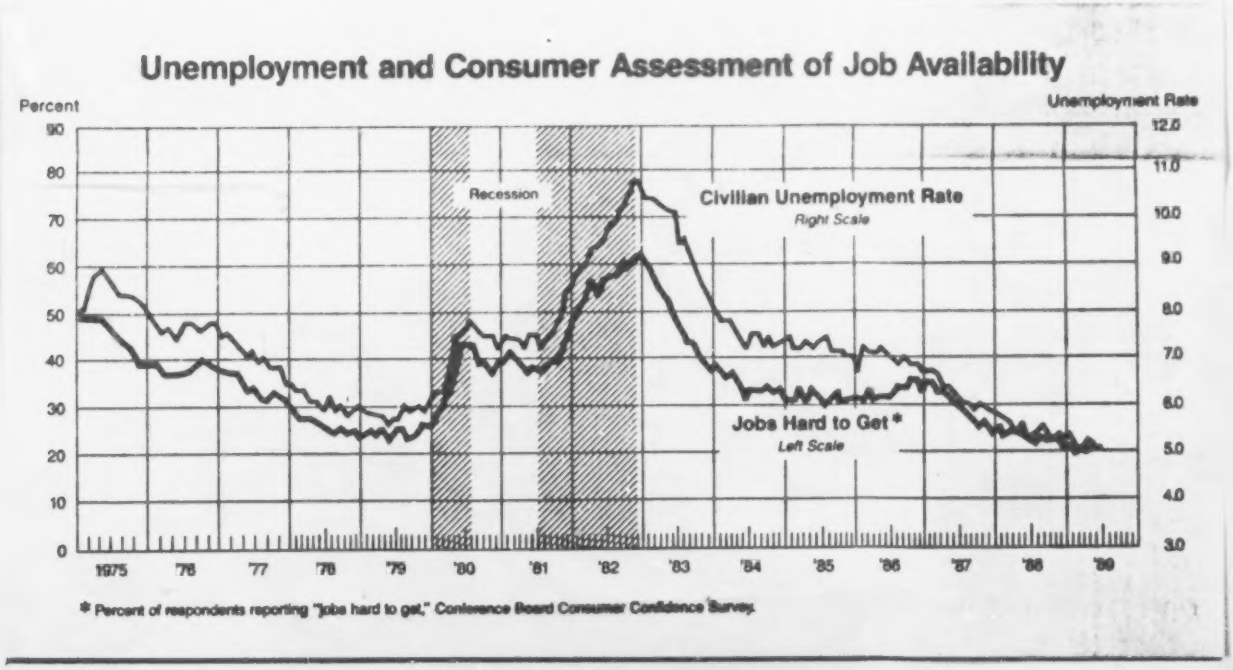
Seasonally unadjusted Index numbers 1985 = 100	1988 June	July	Aug.	Sep	Oct	Nov	Dec	1989 Jan	Feb	Mar	Apr	May(r)	June(p)	AVERAGE Apr 1988	AVERAGE Apr 1989	May June Percent Change*
NEW ENGLAND																
Consumer Confidence Index	149.8	153.9	150.0	139.7	150.9	144.1	140.7	135.5	149.5	144.2	138.5	129.7	119.1	154.3	129.1	-16.4
Present Situation	207.0	199.5	205.4	204.9	201.3	198.0	205.6	189.5	203.7	199.5	198.3	189.4	181.8	204.6	189.8	- 7.2
Expectations	111.7	123.6	113.0	96.2	117.3	108.2	97.5	99.5	113.4	107.3	98.7	89.9	77.2	120.8	88.6	-26.7
MIDDLE ATLANTIC																
Consumer Confidence Index	121.8	120.8	125.6	122.6	126.3	113.7	124.9	122.1	124.9	117.3	117.8	112.6	121.3	123.6	117.2	- 5.2
Present Situation	152.6	145.8	157.2	153.4	148.7	143.2	164.0	147.1	153.4	142.6	150.7	137.8	154.1	149.0	147.5	- 1.0
Expectations	101.3	104.1	104.6	102.1	111.3	94.1	98.8	105.4	105.8	100.4	95.9	95.8	99.4	106.7	97.0	- 9.1
EAST NORTH CENTRAL																
Consumer Confidence Index	102.3	95.5	104.1	99.8	115.0	117.6	112.9	114.9	121.9	113.8	112.9	114.9	117.0	105.0	115.3	9.8
Present Situation	111.0	116.5	125.7	121.9	129.7	145.1	139.2	131.1	135.9	130.2	132.9	137.4	137.5	107.2	135.9	26.8
Expectations	96.6	81.5	89.8	85.0	105.2	99.3	95.5	104.2	112.6	102.9	101.2	100.0	103.4	403.6	101.5	- 2.0
WEST NORTH CENTRAL																
Consumer Confidence Index	91.4	76.0	70.7	86.3	97.5	86.6	93.4	98.9	100.3	102.2	89.4	80.4	83.4	93.0	84.4	- 9.2
Present Situation	97.6	91.3	74.8	96.6	99.4	97.4	103.9	106.1	91.6	98.9	101.0	94.2	93.1	91.4	96.1	5.1
Expectations	87.3	65.9	68.0	79.5	96.3	82.8	86.4	94.2	106.1	103.8	81.7	71.2	77.0	94.0	76.6	-18.5
SOUTH ATLANTIC																
Consumer Confidence Index	138.2	138.6	141.2	138.0	142.4	139.1	133.5	131.7	134.5	137.0	134.0	133.7	141.7	139.7	136.5	- 2.3
Present Situation	163.8	168.6	172.8	170.2	175.3	170.6	175.4	167.5	167.0	170.7	171.9	165.3	175.4	164.9	170.8	3.6
Expectations	121.2	118.6	120.2	116.6	120.5	118.2	105.6	107.8	112.9	114.6	108.8	112.6	119.3	123.0	113.6	- 7.6
EAST SOUTH CENTRAL																
Consumer Confidence Index	97.1	84.4	105.9	102.3	108.7	102.1	94.3	107.2	108.5	111.6	88.9	106.5	99.3	103.0	98.2	- 4.6
Present Situation	93.4	74.6	100.3	99.2	99.2	102.1	104.9	95.2	89.7	100.2	92.2	114.4	94.5	90.1	100.4	11.4
Expectations	99.6	91.0	109.7	104.4	115.1	102.2	87.2	114.6	121.1	119.2	86.7	101.2	102.5	111.6	96.8	-13.3
WEST SOUTH CENTRAL																
Consumer Confidence Index	78.5	80.5	80.1	74.8	83.8	67.3	79.7	84.6	83.8	77.0	82.6	77.4	77.9	77.2	79.3	2.6
Present Situation	30.8	30.1	31.0	29.3	42.4	27.4	34.5	30.1	35.2	30.3	38.8	44.2	46.6	29.3	43.2	47.2
Expectations	110.3	114.1	112.9	105.2	111.4	94.0	109.9	120.9	116.2	108.2	111.8	99.5	98.7	109.2	103.3	- 5.3
MOUNTAIN																
Consumer Confidence Index	85.4	80.3	92.8	76.9	92.4	91.8	106.1	76.5	86.7	100.6	92.6	90.5	91.7	89.1	91.6	2.8
Present Situation	69.2	61.9	77.0	70.0	81.1	66.5	90.9	50.0	43.7	80.4	77.3	75.1	64.5	68.6	72.3	5.3
Expectations	96.2	92.7	103.4	81.6	100.0	108.6	116.3	94.1	115.4	114.2	102.8	100.8	109.8	102.8	104.5	1.7
PACIFIC																
Consumer Confidence Index	127.0	126.7	134.0	124.6	127.7	133.7	133.7	128.2	138.2	130.0	131.3	134.9	133.5	124.5	133.2	7.0
Present Situation	153.9	161.5	161.7	160.1	156.9	169.4	170.7	157.5	164.0	157.6	165.5	173.2	170.3	146.1	169.6	16.1
Expectations	109.1	103.5	115.5	100.9	108.3	109.9	109.0	108.6	121.1	111.6	108.5	109.4	108.9	110.2	- 1.1	

***Percent Change: Average of last three months shown as compared with same period year ago. Regional data are not adjusted for seasonal variations.**

CONSUMER CONFIDENCE BY AGE AND INCOME CLASS

Seasonally adjusted index numbers 1985 = 100	1988 June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1989 Jan.	Feb.	Mar.	Apr.	May(r)	June(p)	3 mos. Percent, Change*
TOTAL U.S.														
Consumer Confidence Index	115.7	113.5	119.7	110.7	116.9	112.9	119.3	115.8	120.7	117.4	116.6	116.7	117.5	- 0.9
Present Situation	126.3	128.2	135.1	126.7	128.3	129.1	140.1	133.4	139.2	136.2	138.9	137.2	135.5	0.7
Expectations	108.6	103.7	109.4	100.1	109.3	102.0	105.6	104.1	108.3	104.9	101.8	103.0	105.5	- 2.2
AGE OF HOUSEHOLD HEAD														
Consumer Confidence Index														
Under 35	121.5	121.2	128.5	121.0	117.8	117.0	124.6	119.3	124.3	122.3	120.5	124.2	127.4	1.7
35-54	118.7	116.4	119.5	111.4	118.2	114.3	120.5	117.0	122.6	118.8	121.1	115.9	124.1	0.8
55 and over	104.7	102.2	110.4	99.1	112.4	106.2	112.8	109.1	113.6	109.5	106.9	110.4	102.3	- 3.8
Present Situation														
Under 35	130.1	134.5	147.0	138.2	125.9	128.9	143.5	133.5	143.6	138.1	144.3	136.3	146.7	2.9
35-54	129.9	130.5	133.8	127.2	128.2	130.8	143.5	134.8	139.1	137.5	143.6	141.9	143.2	4.2
55 and over	120.0	122.0	129.1	118.3	129.8	27.6	134.6	131.8	136.6	133.6	131.8	132.9	122.1	- 3.8
Expectations														
Under 35	115.7	112.4	116.1	109.7	112.5	109.0	112.3	109.7	111.4	111.7	104.6	116.2	114.5	0.8
35-54	111.2	107.0	109.9	100.8	111.6	103.3	105.3	105.1	111.3	106.3	106.2	98.5	111.4	- 2.1
55 and over	94.3	88.9	97.8	86.2	100.6	91.8	98.4	94.2	98.6	93.8	90.5	95.4	89.0	- 4.1
HOUSEHOLD INCOME														
Consumer Confidence Index														
Under $15,000	88.4	82.1	88.1	87.7	91.8	87.8	92.5	94.0	92.2	94.1	94.0	87.1	90.3	- 3.2
$15,000-24,999	102.7	104.8	115.3	102.2	108.5	115.2	115.9	105.2	120.6	107.6	114.3	113.0	107.0	0.3
$25,000 and over	132.0	130.9	135.3	123.7	131.9	124.2	131.7	129.6	134.5	131.4	128.2	131.5	132.9	- 0.7
Present Situation														
Under $15,000	83.2	83.3	84.0	89.6	89.9	91.7	95.0	90.0	88.2	94.8	99.4	88.5	91.6	2.4
$15,000-24,999	109.0	114.7	121.6	114.6	116.8	123.0	133.2	109.5	137.2	112.4	127.0	131.0	121.0	5.5
$25,000 and over	152.1	154.2	162.7	148.2	151.5	149.0	161.8	162.3	164.9	164.0	163.2	162.5	160.3	- 1.1
Expectations														
Under $15,000	92.1	81.5	91.0	86.8	93.3	85.2	91.3	96.1	93.8	92.9	90.2	86.2	89.7	- 5.9
$15,000-24,999	98.6	98.3	111.2	94.1	103.1	110.0	104.7	102.0	109.4	103.7	105.7	101.0	97.8	- 3.4
$25,000 and over	118.5	115.3	116.8	107.2	118.6	107.4	111.5	108.4	114.8	110.3	105.2	110.9	114.5	- 0.9

*Percent Change: Average of last three months shown as compared with preceding three months. Age and income data have been adjusted for seasonal variations.



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